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DEPARTMENT OF TREASURY
LANSING

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TO: Participating Schools and Lenders

FROM: Patricia W. Scott, Director

DATE: January 22, 2003

SUBJECT: Educational Loan Notes



METEOR DEBUTS – MGA IS DATA PROVIDER

MGA is pleased to announce that loan information for MGA borrowers is now available to financial aid professionals via the Meteor Network. MGA became a Meteor Data Provider in mid-January, and will become an Access Provider via NetWizard on January 25, 2003. At that point, financial aid professionals will be able to access the Meteor Network using their NetWizard login. Look for more information in the February issue of *Educational Loan Notes*.

A collaborative effort coordinated by the National Council of Higher Education Loan Programs (NCHELP) and sponsored by over forty financial aid industry participants, the Meteor Project developed internet-based software designed to gather financial aid information about a student from many different locations, and consolidate the information for display to financial aid professionals.

The objective of the Meteor Project has been to provide a convenient, open, non-proprietary method for financial aid professionals, students, and borrowers to access financial aid information wherever it is stored. Since Meteor retrieves information in real-time directly from participating Data Providers, inquirers are able to see up-to-the-minute status information. Other methods currently in use to provide access to financial aid information have built in time delays ranging from 1 to 30 days or even up to 60 days.

In its initial release, Meteor provides access to Federal Family Education Loan Program (FFELP) information for financial aid professionals. A version of Meteor providing access to students and borrowers will be released in the near future. It is envisioned that future enhancements to Meteor will provide access to many more types and sources of aid, including Federal Direct Loan Program loans, Perkins loans, Pell grants, state grants, and alternative loans.

(Continued on the next page.)

Organizations running the Meteor software perform a variety of roles in the process of gathering and displaying aid information. Index Providers help streamline Meteor performance by relating a Social Security Number to the organizations that have aid data for that student. At present, the National Student Clearinghouse is the sole Meteor Index Provider.

Access Providers provide a Web service allowing users to log on and submit inquiries to Meteor. Schools can use an external Access Provider, to connect its users to Meteor, or a school can choose to download and implement the free, open source Access Provider software itself. This arrangement allows users at the school to obtain Meteor data using their normal institutional login. Ultimately, this “single sign on” at a Meteor Access Provider will enable one stop access to aid information stored at dozens of different organizations.

If you would like more information about Meteor, including a list of Meteor sponsors, visit www.nchelp.org/meteor.htm. Schools interested in becoming a Meteor Access Provider by implementing the Meteor software should contact Tim Cameron, NCHELP, at (202) 822-2106.

NEW MGA EMPLOYEE

We are pleased to announce that Nancy Vaughn has joined MGA as a representative in the School Services Unit.

Nancy brings a wealth of financial aid experience to MGA. She spent the last eight years at Northwood University as the Assistant Director of Financial Aid for University College. She was responsible for all aspects of financial aid for the University College students across the United States. Before Northwood, she was employed as Director of Financial Aid at Davenport College – Flint Campus. Previous to Davenport, she was the Assistant Director of Financial Aid at College for Creative Studies. We believe that with Nancy’s 16 years of financial aid background, she will be a great asset to MGA. Nancy is very excited about assisting Michigan’s schools with any concerns they might have.

The joy of Nancy’s life is her family. Nick, her husband, is employed in Mt. Pleasant. They like to travel and goof-off together along with their eleven-year-old son Joshua and six-year-old daughter Jenna.

Please take time to welcome Nancy. She can be reached at ext. 31871 or via e-mail at vaughnn@michigan.gov.

FEDERAL STUDENT AID VIDEOCONFERENCES

The U.S. Department of Education (ED) presented a videoconference October 24, 2002 titled, *The FSA Application Processing System: What’s new for 2003-04* and another videoconference on December 12, 2002 titled, *Applying for 2003-04 Federal Student Aid—Easy as 1,2,3!* Both videoconferences can be accessed online and viewed on your computer through the use of webcasting technology.

To access the videoconferences, go to <http://www.edvideo.walcoff.com> and then select “Webcast.” If you do not have MediaPlayer installed on your computer, follow the instructions to download the program. You will be able to view both videoconferences. For questions about webcasting, contact Judy Bobbitt at jbobbitt@walcoff.com.

To borrow videotaped copies of the programs from EDPubs, call 1-877-4-ED-PUBS or order online at www.ed.gov/pubs/edpubs.html.

ICM WITH DECEMBER CHANGES

A new version of the Integrated Common Manual (ICM), with changes approved December 19, 2002, by the governing board, has been posted to the NCHELP Web site (www.nchelp.org) in the “e-Library.”

MAPPING YOUR FUTURE CHAT FOR FINANCIAL AID OFFICERS

MGA, in partnership with Mapping Your Future (MYF) offers a “Default Prevention and Debt Management Techniques” Chat event for financial aid professionals on February 12, 2003, at 3:00 p.m. Eastern Time. The Chat event, the first of its kind for MYF, will allow financial aid professionals to ask guaranty agencies, lenders, and secondary markets about default prevention and debt management techniques.

(Continued on the next page.)

If you are not sure what financial literacy tools are available for students, or if you want more information about intervention techniques for borrowers who are in their grace period or are already delinquent on their student loans, then you should plan to be a part of this Chat event.

This interactive Chat is designed to help financial aid professionals develop or enhance their default management plans without leaving their offices. In addition, you will be able to obtain and share information from your colleagues from across the country. All this will be achieved from the convenience of your own office.

Anyone with Internet access can join in the Chat event by visiting <http://mapping-your-future.org>. On the day of the Chat, visitors will go to <http://mapping-your-future.org> and select the Chat session. Simple instructions will guide you on how to join the event. Visitors can register to be reminded about the chat in advance by signing up online at <http://mapping-your-future.org/services/chatnight.htm>.

If you have any general questions about the Chat event, please contact Flora Boles at ext. 52882.

NATIONAL STUDENT LOAN DATA SYSTEM CUSTOMER CARE CENTER

ED created the National Student Loan Data System (NSLDS) Customer Care Center (CCC) one year ago to assist school personnel in reporting data conflicts within the NSLDS database. The CCC relies on schools to provide documentation supporting the claim of a conflict and on data providers to make the corrections to NSLDS on their next data submittal. In many situations, the CCC is able to resolve and correct issues in a matter of days.

The NSLDS Customer Care Center is available Monday through Friday 9:00 a.m. to 6:00 p.m. Eastern Time at 1-800-999-8219, option #3. Fax inquiries may be sent to (903) 453-6029; e-mail inquiries may be directed to nsldscce@raytheon.com.

ENROLLMENT REPORTING ON THE NSLDSFAP WEB

NSLDS introduced new, user-friendly Web pages that expanded the capabilities for real-time certification of enrollment statuses.

To use this system, go to www.nsldsfap.ed.gov; click in the Enrollment Update area of the Enrollment Tab, which will access a school's entire roster for review, 30 at a time. Certifications on the Web are applied to the database instantly. If there is a problem with any record, an error message is displayed so all submissions are applied without errors. You can add students by selecting the Enrollment Add menu option.

For more information and instructions on enrollment reporting on the NSLDSFAP Web site, view the PowerPoint session presented at the 2002 Electronic Access Conference, available online at ifap.ed.gov/presentations/02EACsession30.html. The session discusses enrollment data in NSLDS, reporting requirements, impact, methods and the use of the enhanced NSLDS enrollment Web pages for research, as well as status reporting.

Schools that choose to certify their student enrollment data by the Web no longer need to return the enrollment roster file. If you have any questions about the Web, contact the NSLDS Customer Care Center at 1-800-999-8219. Fax inquiries may be sent to (903) 408-4548; e-mail inquiries may be directed to nsldscce@raytheon.com.

MYF OFFERS ONLINE CHAT EVENTS FOR STUDENTS AND PARENTS

Students and parents who have questions about standardized tests, college admissions, and financial aid can get the answers they need during a chat event on Mapping Your Future in February. Mapping Your Future, a public-service Web site providing college, career, and financial aid information and services, will offer an evening "Standardized Tests and College Admissions" Chat on Feb. 4, 2003.

This live event, scheduled for 3:00 p.m. to 4:00 p.m. Eastern Time provides a unique opportunity to receive information and advice about standardized tests and college admissions, as well as financial aid information and instructions for the Free Application for Federal Student Aid (FAFSA). The interactive event is designed to help students navigate through what some consider a maze of career, college and financial aid information - all from the privacy and convenience of a personal computer.

(Continued on the next page.)

During the Chat event, students and their families will learn more about:

- The three main standardized tests for undergraduate students.
- Information about each of the exams and how to get more information.
- Tips to prepare for the exams.
- College admission applications via the web.
- Where to find online scholarship search services and what to look for in those services.
- Online tools for determining the costs of college and how to pay for it.
- Completing the FAFSA application online, as well as other financial aid and college admission topics.

Anyone with Internet access can join in a Chat event by visiting mapping-your-future.org on the World Wide Web. On the evening of a Chat, visitors will go to www.mapping-your-future.org and select the Chat session. Simple instructions will guide them on how to join the event. Visitors can register to be reminded about the chat in advance by signing up online at www.mapping-your-future.org/services/chatnight.htm.

Special Chat events scheduled during the coming year include:

- Feb. 4, 2003, Daytime Chat
Standardized Tests and College Admissions
- March 11, 2003, Evening Chat
Deferments, Forbearances, and Default Prevention
- April 8, 2003, Daytime Chat
Debt Management Strategies
- May 6, 2003, Evening Chat
Loan Forgiveness, Discharge, and Cancellation
- June 10, 2003, Evening Chat
Loan Consolidation
- July 8, 2003, Evening Chat
Online/Distance Education
- Aug. 5, 2003, Evening Chat
College Admissions and Standardized Tests
- Sept. 9, 2003, Daytime Chat
Deferments, Forbearances and Default Prevention

MGA, along with other guaranty agencies that participate in FFELP, proudly sponsor Mapping Your Future and are committed to providing information about higher education and career opportunities.

NSLDS REPORTING REMINDER

Federal law requires lenders and lender servicers to report all status changes throughout the life of a loan to their guarantors. Status changes to report include, but are not limited to:

- Enrollment status changes.
- Cancellation of all or a portion of the loan.
- Disbursement dates changes.
- Date loans enter repayment.
- Loans that have been paid-in-full or consolidated.
- Loan sales or transfers.

With the advent of the abandoned loan (AL) status, it is critical for a lender to report status changes to their student loan portfolio. Loans with no reported activity for four years, and in repayment for less than 12 years, are classified as AL loans. It is imperative that loan information is updated and reported in a timely manner so MGA loan data will match the information on the lender's system. This will ensure that the information sent to NSLDS is accurate.

Forms currently used by lenders to report changes are: the Loan Maintenance form, the Loan Change form and the Disbursement Change form. If you need any assistance with reporting to the NSLDS or need to order any of the forms, please contact MGA's Lender Services Unit at ext. 36076.

SPECIAL ALLOWANCE RATES

Special allowance rates based on the 91-day Treasury Bill (T-bill) average and the three-month Commercial Paper average for the quarter ending December 31, 2002, are attached to this issue of *Educational Loan Notes*. All new FFELP loans disbursed on or after January 1, 2000, are paid special allowance, if eligible, based on the Commercial Paper rate.

LENDER LIST UPDATES

School personnel should record the following actions on the "Participating Lender List" dated November 12, 2002. Please make the appropriate changes in all sections of the list as needed. If you have any questions regarding these updates, please contact the Lender Services Unit at ext. 36076.

Joined Referral Program

The following lenders have joined the Standard Federal referral loan program. Their address is c/o Nelnet, Inc., P.O. Box 82596, Lincoln, NE 68501-2596. Telephone: 800-755-7858.

832636 Municipal & Health Services Credit Union
829874 Saginaw Automotive Employee Federal Credit Union
830602 Settlers' Co-Operative Credit Union
828063 Straits Area Federal Credit Union

**REVISED
ACTIVE MICHIGAN SCHOOL LIST**

The MGA "Active Michigan School List" has been updated and will be mailed the week of January 20, 2003. If you have any questions regarding these updates, please contact the Stacy Cardwell, ext. 36074.

THE "ED" PIPELINE

Following is a list of some of the most recent ED correspondence for schools and lenders.

Dear Partner
December 2002
GEN-02-12
CB-02-18
L-02-237
G-02-343

This letter will serve as approval of the enclosed FFELP/Perkins/Direct Loan programs Loan Discharge Application: Total and Permanent Disability. This form is the only one that may be distributed for use for total and permanent disability discharge requests on or after March 31, 2003.

Calendar of Upcoming Events

January 2003

26-29 MSFAA Winter Conference
Amway Grand Plaza Hotel
Grand Rapids, MI

February 2003

11 Guaranty Agency Advisory Committee Meeting
MSU's James B. Henry Center
Lansing, MI

February 2003 (continued)

14 Deadline for Lenders' Timely Reporting to
MGA National Student Loan Data System
(NSLDS) Quarter Ending December 31, 2002.

17 MGA Office Closed

March 2003

31 Deadline – Audits for lenders with FFELP
loans totaling more than \$5 million – fiscal
year ending September 30, 2002.

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at ext. 36944, or via e-mail at petersonj@michigan.gov.

LOAN NOTES

JANUARY 2003

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91-DAY TREASURY BILL
SPECIAL ALLOWANCE RATES
FOR
QUARTER ENDING DECEMBER 31, 2002

	Loan Rate	Special Allowance Annual Rate	SA Quarterly Rate	Part IV: Special Allowance Category Column C
SA	7% 9%	0 0	0 0	SA - for loans made before 10/01/81.
SB	7% 8% 9%	0 0 0	0 0 0	SB - for Stafford (subsidized) and PLUS loans made on/after 10/01/81, but before 10/17/86, or loans made on/after 10/17/86, but before 11/16/86, for enrollment periods beginning before 11/16/86.
SD	7% 8% 9% FVAR10 (5.01%) PLUS/SLS Var (5.38%)	0 0 0 0 0	0 0 0 0 0	SD - for Stafford (subsidized) and PLUS/SLS loans made on/after 10/17/86, but prior to 11/16/86, for enrollment periods beginning on/after 11/16/86. For Stafford (subsidized) and PLUS/SLS loans made on/after 11/16/86, but before 10/01/92. Also, for Stafford (unsubsidized) loans made prior to 10/01/92, for periods of enrollment beginning on/after 10/01/92.
SE	FVAR7 (4.86%) FVAR8 (4.86%) FVAR9 (4.86%) FVAR10 (4.86%) EVAR (4.86%) PLUS/SLS Var (5.23%)	0 0 0 0 0 0	0 0 0 0 0 0	SE - for Stafford loans made on/after 10/01/92, but prior to 07/01/94, regardless of the enrollment period, or loans made after 07/01/94, for an enrollment period ending prior to 07/01/94. Also, for PLUS loans made on/after 10/01/92, but before 07/01/94. Also, for SLS loans made on/after 10/01/92, but before 07/01/94; or <i>certified</i> before 07/01/94, and <i>disbursed</i> after 07/01/94.
SG	Stafford Var (4.86%) PLUS Var (5.23%)	0 0	0 0	SG - for Stafford loans made on/after 07/01/94, but before 07/01/95, or loans made on/after 07/01/95, but before 07/01/98, during periods of repayment or forbearance. Also, for PLUS loans made on/after 07/01/94 but before 07/01/98.
SH	Stafford Var (4.26%) PLUS Var (4.86%)	0 0	0 0	SH - for Stafford loans made on/after 07/01/95, but before 07/01/98, <i>only</i> during the in-school, grace, and deferment periods. Also, for PLUS loans made on/after 07/01/98, but prior to 01/01/00.
SJ	Stafford Var (3.46%)	0.10%	0.0025%	SJ - for Stafford loans made on/after 07/01/98, but prior to 01/01/00, <i>only</i> during the in-school, grace, and deferment periods.
SK	Stafford Var (4.06%)	0.10%	0.0025%	SK - for Stafford loans made on/after 07/01/98, but prior to 01/01/00, <i>only</i> during the repayment and forbearance periods.

PLEASE NOTE: The 91-day T-bill average (bond equivalent rate) is 1.36% for the fourth quarter of 2002. This results in the following yields:

SA 1.36% plus 3.50% = 4.86%	SG 1.36% plus 3.10% = 4.46%
SB 1.36% plus 3.50% = 4.86%	SH 1.36% plus 2.50% = 3.86%
SD 1.36% plus 3.25% = 4.61%	SJ 1.36% plus 2.20% = 3.56%
SE 1.36% plus 3.10% = 4.46%	SK 1.36% plus 2.80% = 4.16%

91-DAY COMMERCIAL PAPER

**SPECIAL ALLOWANCE RATES
FOR
QUARTER ENDING DECEMBER 31, 2002**

	Loan Rate	Special Allowance Annual Rate	SA Quarterly Rate	Part IV: Special Allowance Category Column C
CA	Stafford Var (5.39%)	0.05%	0.0125%	<u>CA</u> - for subsidized/unsubsidized Stafford loans made on/after 01/01/00 but prior to 07/01/03, <i>only</i> during the in-school, grace, and deferment periods.
CB	Stafford Var (5.99%)	0.05%	0.0125%	<u>CB</u> - for subsidized/unsubsidized Stafford loans made on/after 01/01/00 but prior to 07/01/03, during the repayment and forbearance periods <i>only</i> .
CD	PLUS Var (6.79%)	0	0	<u>CD</u> - for PLUS loans made on/after 01/01/00, but prior to 07/01/03. Note: special allowance will not be paid unless the calculated interest rate exceeds the 9% cap.

PLEASE NOTE: The 3-month Commercial Paper average (bond equivalent rate) is 1.50% for the fourth quarter of 2002. This results in the following yields:

CA 1.50% plus 1.74% = 3.24%
CB 1.50% plus 2.34% = 3.84%
CD 1.50% plus 2.64% = 4.14%